

## Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY EA/PHL:JSARTORIUS:EBS  
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S/S-O TGMARTIN  
-----001840 130117Z /63

P 122321Z JAN 78  
FM SECSTATE WASHDC  
TO AMEMBASSY MANILA PRIORITY

C O N F I D E N T I A L STATE 009240

EXDIS

E.O. 11652: GDS

TAGS: ENRG, RP, US

SUBJECT: WESTINGHOUSE NUCLEAR POWER PROJECT

REFS: A) MANILA 560, B) 77 MANILA 18259

1. ASIAN WSJ REPORTER'S ALLEGATION THAT STATE HAS "LODGED A PROTEST WITH US EXIM BANK, STATING THAT WESTINGHOUSE HAS MADE ILLEGAL POLITICAL PAYOFFS TO THE GOP AND THAT EXIM HAD TURNED THE MATTER OVER TO THE JUSTICE DEPARTMENT FOR INVESTIGATION" IS INACCURATE. WESTINGHOUSE MANILA REP. SABOL CAN BE INFORMED THAT STATE HAS NEVER TAKEN SUCH ACTION.

2. THIS QUESTION, HOWEVER, MAY HAVE BEEN SOMEWHAT OVER-TAKEN BY TODAY'S (JAN. 12) WSJ FRONT-PAGE ARTICLE, "IN THE PHILIPPINES IT'S WHOM YOU KNOW THAT CAN REALLY COUNT", RELATING DISINI'S RISE TO AFFLUENCE AND CLOSE RELATIONSHIP WITH MARCOS, IN WHICH WESTINGHOUSE PROJECT PROMINENTLY  
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FEATURED. (USIA TRANSMITTING FULL TEXT IN WIRELESS FILE.)  
STORY QUOTES EXIM AS STATING "US STATE DEPARTMENT PASSED ALONG TO IT AN 'INFORMAL' REPORT THAT WESTINGHOUSE MAY HAVE MADE 'IMPROPER PAYMENTS' TO UNIDENTIFIED 'PHILIPPINE NATIONALS' TO OBTAIN THE NUCLEAR PLANT CONTRACT. STEPHAN GLAZER, A BANK COUNSEL, SAID THAT THE BANK HASN'T ANY

CORROBORATION FOR THE ALLEGATIONS BUT THAT IT ROUTINELY TURNED THE REPORT OVER TO THE JUSTICE DEPARTMENT." STATE DID PROVIDE "REPORT" TO EXIM BUT CONTENTS, AS DESCRIBED, ARE DISTORTION, INASMUCH AS DOCUMENT WAS EMBASSY'S (REF. B) NOVEMBER BACKGROUNDER ON WESTINGHOUSE CONTRACT. EA/PHL PROVIDED EMBTEL TO EXIM ON UNDERSTANDING IT WOULD BE HANDLED ON RESTRICTED BASIS AS PART OF JOINT EFFORT TO PREPARE STANDBY PRESS COMMENT IN EVENT DEPARTMENT WAS QUERIED ON WP OR NYT STORY WHICH EMBASSY HAD ALERTED US MIGHT APPEAR. WP STORY DID SUBSEQUENTLY APPEAR IN DECEMBER BUT DEPT. WAS NEVER ASKED TO COMMENT ON IT.

3. IN MEANTIME, WE HAVE RECENTLY LEARNED THAT PRIOR TO WP ARTICLE CRIMINAL FRAUD SECTION OF JUSTICE HAD BEEN LOOKING INTO POSSIBILITY OF IMPROPER OVERSEAS PAYMENTS BY WESTINGHOUSE RELATED, INTER ALIA, TO PHILIPPINE NUCLEAR POWER PROJECT. THE WESTINGHOUSE INVESTIGATION, NOW AT A VERY EARLY STAGE, IS BASED ON VOLUNTARY, VERY GENERAL STATEMENTS TO THE SEC. IN THE COURSE OF ITS REVIEW AND PRELIMINARY EFFORTS TO GATHER BACKGROUND INFORMATION, JUSTICE FIRST CONTACTED EXIM. UNKNOWN TO US, EXIM GAVE JUSTICE A COPY OF REF. B. JUSTICE THEN, THROUGH L, APPROACHED EA/PHL FOR COPIES OF EMBASSY MEMOS MENTIONED IN REFTEL AS BEING POUCHED TO WASHINGTON. STATE PROVIDED THESE MEMOS UNDER JUSTICE ASSURANCE THAT CONFIDENTIAL

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DOCUMENTS WILL BE REVIEWED ONLY BY PERSONNEL HAVING NECESSARY SECURITY CLEARANCES, AND WILL NOT BE USED WITHOUT PRIOR CONSULTATION WITH STATE FOR ANY OTHER PURPOSE THAN TO PROVIDE BACKGROUND INFORMATION. WE WILL BE MONITORING CLOSELY WHETHER OR NOT JUSTICE INTENDS TO PURSUE CASE; A DECISION IS NOT EXPECTED FOR SEVERAL MONTHS.

4. AT ITS DISCRETION, EMBASSY CAN DRAW ON ELEMENTS OF FOREGOING IN RESPONDING TO ANY SABOL INQUIRY ABOUT WSJ ARTICLE. HOWEVER, YOU WILL PROBABLY WISH TO LIMIT YOUR COMMENTS TO FIRM STATEMENT THAT STATE DID NOT RPT NOT TELL EXIM THAT WESTINGHOUSE MAY HAVE MADE IMPROPER PAYMENTS TO SECURE THE CONTRACT. CHRISTOPHER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NUCLEAR ENERGY, PROGRAMS (PROJECTS), NUCLEAR POWER PLANTS, ALLEGATIONS, DIPLOMATIC PROTESTS  
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**Copy:** SINGLE  
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**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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**Reference:** 78 MANILA 560, 77 MANILA 18259  
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**Review Markings:**  
Sheryl P. Walter  
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